

Message Text

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PAGE 01 WARSAW 05865 201121Z

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EXDIS

MOSCOW FOR SENATOR MCGOVERN

EO 11652GDS
TAGS: US, PL, EAGR, EAID, ABLD
SUBJ: POLISH REQUEST FOR EXTENDED CREDIT TERMS FOR PURCHASE OF
ADDITIONAL US GRAIN AND FEEDSTUFFS

REF: A. WARSAW 5860, B. WARSAW 5481, C. FASTO 97 AUGUST 18,
NOTAL, D. WARSAW 5522 NOTAL, E. STATE 183321

1. SUMMARY. THIS MESSAGE OFFERS COMMENTS ON SOME OF THE
IMPLICATIONS OF GIEREK'S PRESENTATION TO SENATOR MCGOVERN,
REQUESTING EXTENDED CREDIT TERMS FOR THE PURCHASE OF ADDI-
TIONAL US GRAIN AND FEEDSTUFFS. IT ALSO STATES THE
EMBASSY'S RECOMMENDATION THAT THE USG GIVE SERIOUS AND
SYMPATHETIC CONSIDERATION TO TRYING TO MEET THE NEEDS OF
POLAND IN THIS REGARD. END SUMMARY.

2. SEVERAL THINGS NEED TO BE SAID ABOUT GIEREK'S PRE-
SENTATION TO SENATOR MCGOVERN, ABOUT THE POLISH REQUEST
FOR EXTENDED CREDIT TERMS FOR GRAIN PURCHASES, AND ABOUT
HOW WE SHOULD VIEW THIS.

3. COMMENTS ON GIEREK'S REMARKS. IN HIS PRESENTATION,
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PAGE 02 WARSAW 05865 201121Z

GIEREK TRIED TO SUGGEST SEVERAL THINGS. A) FIRST, IN
MORE EXPLICIT TERMS THAN I HAVE EVER HEARD HIM USE,
HE PAINTED A PICTURE OF POLAND, UNDER HIS LEADERSHIP, AS
CONSCIOUSLY DIVERGING FROM THE IDEOLOGICAL, POLITICAL,
AND ECONOMIC NORMS WHICH THE SOVIET LEADERSHIP PRESUM-
ABLY PREDERS TO SEE ITS WARSAW PACT ALLIES FOLLOW. HE
SAID WE SHOULD DO WHAT WE CAN TO HELP POLAND PROVIDE AN

ATTRACTIVE EXAMPLE FOR THE OTHER EASTERN EUROPEAN ALLIES OF THE USSR. (THIS WAS PRIMARILY AN ANTI-RFE POINT, BUT IT ALSO WAS DESIGNED TO CONFIRM POLAND'S MAVERICK STATUS. IN THIS CONNECTION, SEE NEAL ASCHERSON'S EXCELLENT ARTICLE IN THE AUGUST 7 LONDON OBSERVER.) B) SECONDLY, HE SUGGESTED DELICATELY THAT, IF WE ARE UNABLE TO HELP, THERE MAY BE MORE UNREST OF THE JUNE, 1976, TYPE, WITH ALL THE UNFORESEEN POSSIBILITIES THAT THAT WOULD BRING. THAT I TAKE TO BE THE IMPLICATION OF HIS STATEMENT THAT, IF WE CANNOT PROVIDE EXTENDED CREDIT TERMS, POLAND WOULD HAVE TO BUY THE ADDITIONAL GRAIN AND FEEDSTUFFS FROM THE US ANYWAY, BUT THE POLES WOULD HAVE TO TIGHTEN THEIR BELTS. THE POLISH INDUSTRIAL WORKERS, THE POLITICALLY VOLATILE PART OF THE POLISH PEOPLE, ARE IN NO MOOD FOR BELT-TIGHTENING WITHOUT FIRST MAKING A GOOD ATTEMPT, A LA JUNE, 1976, TO KEEP THEIR BELTS AT THEIR PRESENT NONE-TOO-AMPLE CIRCUMFERENCES. C) THIRD, HE SAID THAT, IN THIS CASE, POLAND WOULD HAVE TO DEFER PLANNED INVESTMENT BY TWO-TO-THREE YEARS. I TAKE THIS TO BE A HINT THAT IMPORTANT PROJECTS IN WHICH WE MIGHT BE INTERESTED WOULD BE DEFERRED. IN OTHER WORDS, THE GENERAL MOTORS DEAL, FIRST AND FOREMOST. I DON'T THINK IT IS BEING TOO CYNICAL TO POINT OUT THAT WE WERE TOLD ABOUT THE REVIVAL OF CONSIDERATION OF THE GM DEAL AT ABOUT THE SAME TIME WE BEGAN TO HEAR SUGGESTIONS THAT WE MIGHT CONSIDER CONCLUDING A NEW

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 WARSAW 05865 201121Z

PS-480 AGREEMENT WITH POLAND. THIS IS THE CARROT; THE THREAT OF NEW UNREST IS THE STICK. (NEEDLESS TO SAY, IF WE DO FIND IT POSSIBLE TO GIVE POLAND EXTENDED CREDIT TERMS FOR GRAIN, IT WOULD NOT BE ADVISABLE TO START HOLDING OUR BREATH IN ANTICIPATION OF THE IMMINENT CONCLUSION OF THE GM DEAL).

4. OF COURSE, BEHIND ALL THIS IS THE CALCULATION THAT WITH HALF OF LAST YEAR'S CROP STILL IN OUT BINS, PRICES FALLING AND A BUMPER HARVEST FORECAST FOR THIS YEAR, THE US IS GOING TO BE CONCERNED TO SELL ADDITIONAL GRAIN AND FEEDSTUFFS.

5. HOW MUCH ADDITIONAL GRAIN DO THE POLES NEED? ALMOST SURELY, THE NEED IS UNDERESTIMATED, GIVEN THE INCOMPLETE REPORTS THE POLISH AUTHORITIES HAD WHEN GIEREK AND BARCIKOWSKI TALKED WITH SENATOR MCGOVERN. (SINCE THEN, WE HAVE HAD ANOTHER ALMOST SOLID 24 HOURS OF RAIN IN CENTRAL POLAND.) CHARACTERISTICALLY, GIEREK WAS PREPARED TO TALK IN TERMS OF LARGER NEEDS THAN BARCIKOWSKI, WHO IS STILL HOPING THAT THE DAMAGE WILL, AFTER ALL, TURN OUT TO BE NOTSO BAD. IT IS SIGNIFICANT

THAT THE POLES HAD BEGUN TO TALK ABOUT A NEW PS-480 AGREEMENT BEFORE THE AUGUST RAINS BEGAN. WE SHOULD BE PREPARED TO SEE POLISH ESTIMATES OF THE NEED RISE AS THE EFFECTS OF THE MOST RECENT FOUL WEATHER ARE FELT AND AS REPORTS OF THE FULL EXTENT OF THE DAMAGE IN THE FIELDS ARE COMPILED IN WARSAW.

6. WHAT SHOULD THE UA ATTITUDE BE? EVEN BEFORE GIEREK MADE HIS PITCH TO SENATOR MCGOVERN, THIS EMBASSY WAS ON RECORD (REF D, PARAGRAPH 6, A) AS RECOMMENDING FAVORABLE USG ACTION IN THIS AREA. OR COURSE, IN REACHING A DECISION, WE WILL WANT TO GIVE CAREFUL CONSIDERATION TO PLLAND'S FINANCIAL CONDITION (REF C, PARAGRAPH 3). IT IS CLEAR, HOWEVER, THAT THE CONTROLLING FACTOR MUST

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 WARSAW 05865 201121Z

BE A POLITICAL ASSESSMENT, RATHER THAN A NARROWLY FINANCIAL ONE.

7. AT THE SAME TIME, I WANT TO EMPHASIZE ONCE MORE WHAT WE WROTE IN THE LAST FOUR SENTENCES OF THE PARENTHETICAL PORTION WITH WHICH REF D, PARAGRAPH 6, A, ENDS. THE POLES ARE IN DEFAULT ON THEIR CLEAR COMMITMENTS TO HELP US ACQUIRE RESIDENTIAL AND OTHER PROPERTIES WHICH WE NEED TO MAINTAIN THE US MISSION HERE. IT IS IMPORTANT NOT TO GET INTO A LEGALISTIC, QUID-PRO-QUO CONFRONTATION, IN WHICH WE TELL THE POLISH AUTHORITIES THAT WE WILL NOT HELP THEM UNTIL THEY HAVE MET OUR DEMANDS FOR PROPERTY. WE SHOULD BE MUCH LESS BLUNT THAN THIS. BUT WE HAVE TO START MAKING THE POINT NOW THAT WE EXPECT ACTION ON THE PROPERTY COMMITMENTS UNDER OUR EXISTING PL-480 AGREEMENTS TO PARALLEL OUR SYMPATHETIC CONSIDERATION OF FIRST SECRETARY GIEREK'S REQUEST FOR EXTENDED CREDIT TERMS. ON AUGUST 22, WE WILL SEND THE DEPARTMENT A MEMORANDUM OF A CONVERSATION I HAD ON AUGUST 16 ON THIS SUBJECT WITH VICE MINISTER SPASOWSKI, TOGETHER WITH A COPY OF A NOTE I HANDED HIM.)

8. WHAT IS THE NEXT STEP? I ASSUME THE DEPARTMENT WILL SUGGEST TO AMBASSADOR TRAMPCZYNSKI THAT, AT THE EARLIEST POSSIBLE DATE, HE CALL ON SECRETARY BERGLAND TO LEARN WHAT FURTHER STEPS THE POLISH GOVERNMENT NEEDS TO TAKE. DAVIES

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